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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:
PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

Debtors.

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**OBJECTION OF PG&E HOLDCO
GROUP TO MOTION OF THE AD HOC
COMMITTEE OF SENIOR UNSECURED
NOTEHOLDERS TO TERMINATE THE
DEBTORS' EXCLUSIVE PERIODS**

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

* *All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Date: July 24, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

Re: Docket No. 2741

1 Certain owners of claims (collectively, the “**PG&E Holdco Group**”)¹ against, and interests
2 in, PG&E Corporation and its affiliated debtors, including bank debt at PG&E Corporation
3 (“**PG&E Holdco**”), hereby object to the *Motion Of The Ad Hoc Committee Of Senior Unsecured*
4 *Noteholders To Terminate The Debtors’ Exclusive Periods Pursuant To Section 1121(d)(1) Of The*
5 *Bankruptcy Code* (the “**Motion**”) [Dkt. No. 2741] filed by the Ad Hoc Committee of Senior
6 Unsecured Noteholders (the “**Ad Hoc Group**”).

7 The PG&E Holdco Group holds approximately \$344,370,148.00 of claims against PG&E
8 Holdco, as well as other claims and equity interests as set forth in the *Verified Statement of PG&E*
9 *Holdco Group Pursuant to Federal Rule of Bankruptcy Procedure 2019*, filed concurrently
10 herewith.

11 **OBJECTION**

12 1. As of the date of this pleading, the Debtors are only halfway through their extended
13 four month exclusive period to file a plan, which was approved by this Court less than two months
14 ago. It is difficult to see how the Debtors could have responsibly filed a plan of reorganization that
15 would meet the standards of the Bankruptcy Code prior to California passing AB 1054, which set
16 parameters for handling future wildfire liabilities. That legislation was passed merely five days
17 ago, with Governor Newsom clearly stating that AB 1054 “is not fixed,” and that “[i]t may require
18 amendments.”²

19 2. AB 1054 offers substantial relief to the Debtors and its stakeholders in the form of
20 access to a wildfire fund and a potential shift in the burden of demonstrating liability for future
21 wildfires (contingent upon the Debtors improving their safety and management regimes) – provided
22 that the Debtors exit bankruptcy by June 30, 2020.

23 3. Assuming the Debtors are able to continue implementing their improved culture of
24 safety, the single biggest impediment to the Debtors exiting bankruptcy by the legislatively-

25 ¹ Concurrently with this objection, the PG&E Holdco Group filed a *Verified Statement of PG&E Holdco Group*
26 *Pursuant to Federal Rule of Bankruptcy Procedure 2019*, in which the PG&E Holdco Group members are identified.
Each member of the PG&E Holdco Group is expressing its independent views and has not agreed to act in concert with
respect to their respective interests.

27 ² *Governor Newsom Signs AB-1054, Announces Pick for New CPUC President*, Reorg Research (July 12, 2019),
28 https://app.reorg.com/file/3035/Pacific_Gas_and_Electric_Co_-_2019-07-12_13_52_49_-_Gov__Gavin_Newsom_Signs_AB-1054__Announces_Pick_for_New_CPUC_President-19180-0.pdf.

1 imposed deadline is the estimation of their prepetition wildfire liabilities. Different stakeholders
2 will almost certainly continue to fight for their own parochial interests, at the expense and risk of
3 all of the Debtors' stakeholders, including creditors, shareholders, wildfire victims and ratepayers.

4 4. It is clear at this critical juncture that the Debtors must step forward as quickly as
5 possible with an estimation motion that can be heard quickly, and with the outline for a plan that
6 stakeholders can see and evaluate. The Debtors can also take actions to improve its
7 communications with certain stakeholders, including the Unsecured Creditors' Committee.
8 However, if this Court allows exclusivity to be terminated at this time, or allows the adjudication
9 of claims on an uncertain path away from the Bankruptcy Court, the risk of chaos will surge, and
10 the hope that the Debtors can meet the June 30, 2020 deadline will decrease. Terminating
11 exclusivity now, given the complexity of the Debtors' chapter 11 cases, AB-1054, and the
12 numerous contingent issues facing the Debtors, would not move these chapter 11 cases forward
13 "toward a fair and equitable resolution." *See In re Henry Mayo Newhall Mem'l Hosp.*, 282 B.R.
14 444, 453 (B.A.P. 9th Cir. 2002); *see also In re Borders Group, Inc.*, 460 B.R. 818, 826 (Bankr.
15 S.D.N.Y. 2011) (considering the number of contingencies facing the debtor in deciding whether to
16 extend exclusivity). Handing over the reins to divergent creditor groups at this juncture will merely
17 impede the claims estimation processes, rate making proceedings and settlement discussions that
18 are necessary to move these cases forward.³

19 5. For the reasons stated above, the PG&E Holdco Group respectfully requests that the
20 Court deny the Ad Hoc Group's Motion.

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27 ³ While the PG&E Holdco Group believes that terminating the Debtors' exclusive periods at this time is premature,
28 given that the Debtors' exclusive periods expire in September 2019, the PG&E Holdco Group reserves all rights to
challenge further extensions of the Debtors' exclusive periods.

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2
3 Dated: July 17, 2019

Respectfully submitted,

/s/ Michael M. Lauter

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